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COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT(S)	ERNST & YOUNG INC. IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF 1252064 ALBERTA LTD., 1330075 ALBERTA LTD. AND HARVEST CAPITAL MANAGEMENT INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY	
DOCUMENT	**EIGHTH REPORT OF THE RECEIVER** **JANUARY 3, 2017**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER**	

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APPENDIX

INTRODUCTION

1. On June 7, 2012, 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI") (collectively the "Companies") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial CCAA Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor (the "Monitor") of 125, 133 and HCMI (the "CCAA Proceedings").

2. Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the property, assets and undertakings (the "Property") of 125, 133 and HCMI pursuant to an Order (the "Receivership Order") of this Honourable Court dated September 30, 2013, in the within proceedings (the "Receivership Proceedings").

3. Concurrent with the issuance of the Receivership Order, the CCAA Proceedings were terminated by an order (the "Termination Order") of this Honourable Court dated September 30, 2013. The Termination Order provides that the charges in the Initial CCAA Order endure, notwithstanding the termination of the Initial CCAA Order.

4. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to sell, convey, transfer, lease or assign the Property out of the normal course of business, subject to court approval for transactions in excess of $100,000, and to make such arrangements or agreements as deemed necessary by the Receiver.

5. The purpose of this eighth report (the "Eighth Report") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

    a) the proposed claim assignment from 125 to Panama Holdings (1252064) Ltd. ("Panama Holdings");

    b) the proposed claims procedure (the "Claims Procedure") to be conducted by the Receiver in respect of claims against the Companies; and

    c) the Receiver's recommendations.

6. Capitalized terms not defined in this Report are as defined in the Receivership Order.

7. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

8. In preparing this Eighth Report, the Receiver has relied upon unaudited financial information and Company records. The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND

9. 125, 133, and HCMI are part of a group of legal entities commonly known as the Harvest Group of Companies (the "Harvest Group"). Mr. Ronald Aitkens ("Mr. Aitkens") was the director and controlling mind of various legal entities comprising the Harvest Group, including the Companies. The Receiver has reviewed financial information pertaining to the Harvest Group and, based on this review, has determined that the Harvest Group raised in excess of $266 million between 2004 and 2010, largely through the issuance of bonds to investors, and used the funds to acquire lands and make other investments.

10. Various entities within the Harvest Group have defaulted on their obligations to bondholders and have obtained protection under the CCAA. The Receiver is (or was, in respect of Harvest Group entities that have exited from CCAA proceedings) the Court appointed monitor of a total of 27 entities within the Harvest Group that have been granted protection from their creditors pursuant to the CCAA.

11. The reconstruction of the Harvest Group's accounting records is presented in detail in the Ninth Report of the Monitor in the CCAA Proceedings dated August 30, 2013 (the "SUF Report").

12. Legacy Communities Inc. ("Legacy"), originally a member of the Harvest Group, obtained protection from its creditors under the CCAA on December 21, 2011 and implemented a Plan of Arrangement pursuant to the CCAA on October 26, 2012. Since that date, 125 and Legacy have operated at arm's length from one another.

13. The SUF Report shows that Legacy raised approximately $35.2 million through bond issuances to investors in 2006 for the purposes of real estate acquisition. Of the money raised by Legacy, $8.4 million (net) was disbursed to other entities within the Harvest Group of Companies and the amount of $7.9 million (net) was advanced directly from Legacy to 125.

14. Additional background information and other information regarding these receivership proceedings have been posted by the Receiver on its website at: www.ey.com/ca/foundationgroup.

PANAMA JOINT VENTURE

15. 125 entered into a joint venture agreement for the development of a property located in Isla Del Ray, located near Panama City, with Punta Gorda Holding Corp. ("Punta Gorda") on July 12, 2007 (the "Panama Joint Venture"). The Isla del Rey is a 234 square kilometer island located in the Gulf of Panama and accessible from Panama City by either flight (approximately 30 minute travel time) or boat (approximately 2.5 hours travel time).

16. Pursuant to the Panama Joint Venture, 125 was to contribute $7 million USD to an entity called Sask. Harvest Ventures Ltd. ("SHV") in exchange for a 50% equity interest in SHV. Punta Gorda owns a 1,539 hectare parcel of real property situated on the Isla del Rey. Punta Gorda was to transfer 50 hectares of that property (the "Isla del Rey Property") to SHV and hold the remaining 50% equity interest in SHV. The $7.0 million USD advanced by 125 to SHV would be to develop the Isla del Rey Property.

17. The Receiver notes that according to the Receiver's financial reconstruction, the actual amount advanced by 125 under the Panama Joint Venture was $5,228,722. Of the money advanced by 125, $4,664,880 is directly traceable to advances made by Legacy to 125. On September 24, 2007, Legacy advanced $4,664,880 to 125. On September 25, 2007, $4,664,880 was advanced by 125 to Castro & Berguido LLP ("CB"), the Panamanian law firm that represented Punta Gorda and the SHV in matters relating to the Panama Joint Venture and the Isla del Ray Property.

18. The Panama Joint Venture was never completed and a dispute arose as between 125 and Punta Gorda in relation to the Panama Joint Venture. Since the commencement of the Legacy CCAA proceedings in December 2011 and continuing with the issuance of the Receivership Order in September 2013, the Receiver has been working in consultation with Legacy to take steps on behalf of 125 to effect recoveries with respect to the Panama Joint Venture. The steps taken by the Receiver have included:

    a) Retaining counsel in Panama to assist with matters relating to the Panama Joint Venture and the Isla del Ray Property;

    b) Initiating proceedings in Panama to have the Receiver recognized as having authority for and on behalf of 125 to deal with matters relating to the Panama Joint Venture and the Isla del Ray Property;

c) Having various discussions with Legacy on strategic considerations relating to the Panama Joint Venture;

d) Engaging in settlement discussions in relation to the Isla del Ray Property; and

e) Negotiating the Panama Transaction (as defined and discussed in the Sixth Receiver's Report dated February 22, 2016).

CLAIM ASSIGNMENT

19. On February 29, 2016, this Honourable Court granted an order to approve the Panama Transaction. Ultimately the Panama Transaction did not close, as CB would not agree to the final terms of the agreement. As a result the Receiver has continued to work with its Panamanian counsel to determine the next steps to realize recoveries from the Panama Joint Venture.

20. In order to purse recovery in Panama it was necessary for the Receiver's authority over 125 to be recognized in Panama. The Receiver previously applied to recognize the Receivership Proceedings and the authority of the Receiver over 125 by virtue of the Receivership Order. Paragraph 32 of the Receivership Order contains standard language that allows for the Receivership Order to be varied or amended on seven days' notice to the Receiver. The Receiver's application for recognition was dismissed because the Panamanian Court does not consider the Receivership Order to be a "final order" on account of paragraph 32 of the Receivership Order.

21. After consultation with Legacy and the Receiver's counsel in Panama, the Receiver caused Panama Holdings to be incorporated. Panama Holdings is a wholly owned subsidiary of 125 and will exist solely to pursue any and all claims that 125 may have in connection with Punta Gorda, the Panama Joint Venture, SHV and the Isla del Rey Property (the "Panama Claims"). A representative of the Receiver will serve as the sole director and officer of Panama Holdings and 125 will provide funding to Panama Holdings to pursue the Panama Claims.

22. The Receiver has consulted with its Panamanian counsel on the creation of Panama Holdings and understands that Panama Holdings will be able to purse recovery on the Panama Claims before the Panamanian Courts. In order to pursue the Panama Claims through Panama Holdings the Receiver must assign the Panama Claims to Panama Holdings. The Receiver is proposing to assign the Panama Claims to Panama Holdings pursuant to the assignment agreement attached as Appendix A (the "Assignment Agreement").

PANAMA CHARGE

23. In connection with the assignment of the Panama Claims by 125 to Panama Holdings, pursuant to the Assignment Agreement, Panama Holdings and its Officers and Directors will only proceed with the enforcement and pursuit of the Panama Claims upon obtain adequate insurance coverage and/or indemnification.

24. The Receiver is unable to obtain adequate insurance coverage. Due to the unique circumstances the Receiver has been unable to find an insurance company willing to offer a directors and officers' policy for Panama Holdings.

25. As a result of Panama Holdings inability to obtain adequate D&O insurance in connection with the pursuit of the Panama Claims, and after consultation with 125's most significant creditor, the Receiver intends to cause Panama Holdings to pursue the Panama Claims upon 125 indemnifying the Directors and Officers of Panama Holdings from the assets of the estate of 125. In addition to the Panama Claims, 125 currently holds approximately $722,000 in cash. The indemnification in favour of the Directors and Officers of Panama Holdings will be secured by a $200,000 charge (the "Panama Charge") over all of 125's Property.

CLAIMS PROCEDURE

26. As the only remaining avenue of recovery for 125 is the Panama Claim, the Receiver has agreed to commence a claims procedure to determine the claims as against 125. Upon completion of the claims procedure (as set out below), the Receiver intends to maintain $200,000 to pursue the Panama Claim (the "125 Holdback") and distribute the remaining cash on hand to the creditors as determined through the claims process.

27. Based upon realizations within the receivership, there will be funds available to issue a distribution to the unsecured creditors of the Companies. Accordingly, the Receiver is seeking this Honourable Court's approval of a Claims Procedure for the filing and review of claims against the Companies (the "Claims Procedure Order").

28. The Claims Procedure will establish claims against 125, 133 and HCMI as at the Receivership Date (collectively, the "Claims").

29. For the convenience of the Court, a summary of the Claims Procedure has been provided in this Eighth Report. In the event of any discrepancy between this Eighth Report and the Claims Procedure Order, the Claims Procedure Order shall prevail.

Notification Process

30. The notification process is as follows:

a) the Receiver shall send a claims package including notice of the Claims Procedure Order and a proof of claim form (the "Claims Package") to each person identified as a creditor per the Companies' books and records by regular prepaid mail, fax, courier or email on or before January 20, 2017;

b) the Receiver shall publish a notice of the Claims Procedure Order in the Calgary Herald on or before January 20, 2017;

c) the Receiver shall cause the Claims Package to be posted on its website for the receivership on or before January 20, 2017; and

d) the Receiver shall send a Claims Package to any person requesting such material as soon as practicable on receipt of a written request for a Claims Package from such person.

Claims Bar Date

31. A claimant must deliver a proof of claim setting out its Claim as at the Receivership Date so that it is received by the Receiver no later than 5:00 PM, MST, February 23, 2017 (the "Claims Bar Date").

32. The Receiver shall review each proof of claim received by the Claims Bar Date and shall accept, revise or disallow the claim as applicable.

Notice of Dispute

33. If the Receiver determines to revise or disallow a claim, the Receiver shall send a notice of revision or disallowance to the creditor (a "Notice of Revision or Disallowance").

34. Any creditor who disputes the classification or amount of its Claim as set forth in a notice of revision or disallowance, shall deliver a notice of dispute (the "Notice of Dispute") to the Receiver by 5:00 PM MST on the day that is 15 days after the date of the Notice of Revision or Disallowance and follow the process for filing an application with the Court supported by an affidavit as set out in the Notice of Dispute.

35. Upon receipt of a Notice of Dispute, the Receiver may attempt to resolve the classification and amount of the Claim with the creditor by consent.

RECEIVER'S COMMENTS

36. The Receiver and Legacy are supportive of the Claim Assignment and the granting of the Panama Charge as this will allow 125 the necessary opportunity to pursue recovery efforts in relation to the Panama Joint Venture.

37. The Receiver and Legacy are supportive of the Claims Procedure.

38. The Receiver will seek approval from this Honourable Court for the 125 Holdback and distributions to creditors after the completion of the Claims Procedure.

RECEIVER'S RECOMMENDATIONS

39. The Receiver is recommending that this Honourable Court approve:

a) the Claim Assignment;

b) the Panama Charge; and

c) the Claims Procedure.

Dated at Calgary AB, this 3rd day of January, 2017.

ERNST & YOUNG INC.
in its capacity as Receiver and
Manager of 1252064 Alberta Ltd., 1330075 Alberta Ltd.
and Harvest Capital Management Inc.

Cassie Riglin

Neil Narfason, CA, CIRP, CBV
Senior Vice-President

Cassie Riglin, CA
Senior Manager

Appendix A

THIS ASSIGNMENT AGREEMENT dated August 29, 2016.

BETWEEN:

1252064 ALBERTA LTD., by Ernst & Young Inc., in its capacity as court-appointed receiver and manager of 1252064 Alberta Ltd. and not in its personal or corporate capacity

(the "**Assignor**")

AND:

PANAMA HOLDINGS (1252064) LTD.

(the "**Assignee**")

WHEREAS:

A. Pursuant to a joint venture agreement made between Punta Gorda Holding Corp. ("**Punta Gorda**"), a Panamanian corporation, and the Assignor, entered into the 12th day of July, 2007, (the "**Contract**"), the Assignor agreed to make a capital contribution of $7,000,000 (the "**Capital Contribution**") in Sask. Harvest Ventures Ltd. (the "**JV Corporation**") and Punta Gotrda agreed to contribute 50 (fifty) hectares of land situated on Isla del Rey, Panama (the "**Panama Lands**") to the JV Corporation (the "**Joint Venture**");

B. The Contract was not completed and a dispute has arises as between the Assignor and Punta Gorda in relation to the Contract, the JV Corporation, the Capital Contribution, the Panama Lands and the Joint Venture.

C. The Assignor has agreed to assign to the Assignee any and all claims the Assignor has or may have in respect of the Joint Venture pursuant to and in accordance with the terms of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of $1.00 now paid by the Assignee to the Assignor (the receipt and sufficiency of which is acknowledged by the Assignor) the parties hereto covenant and agree as follows:

1. Assignment of Claim/Cause of Action.

The Assignor hereby absolutely and unconditionally forever assigns, transfers and sets over unto the Assignee all of the Assignor's right, title, estate and interest, both at law and in equity, in and to (i) any claim that the Assignor has or may have against any individual, corporation, government body or agency or other legal person (each, a "**Person**") in respect of Punta Gorda, the Contract, the JV Corporation, the Capital Contribution, the Panama Lands, the Joint Venture or anything arising out of, relating to or in connection with any of the foregoing (the "**Cause of Action**"), and (ii) the right to bring any court action (the "**Action**") against any Person in respect of the Cause of Action in any domestic or foreign court of law or equity, including all damages, awards, rights, entitlements and benefits arising therefrom and the Assignee hereby accepts the assignment in accordance with the terms of this Agreement.

2. Authorization.

The Assignee shall, without notice to or the prior approval of the Assignor, have the right at any time to exercise or to take such rights or actions as the Assignee may at any time or from time to time determine to be necessary in respect of the Cause of Action or any Action.

3. Payments Received by Assignor.

The Assignor shall immediately pay and set over to the Assignee all amounts hereafter received by the Assignor with respect to the Cause of Action or any Action and, pending such payment, the Assignor shall hold all such amounts in trust for the Assignee.

4. Co-operation.

Without limiting the generality of sections 2 and 5, the Assignor shall fully cooperate with the Assignee and its legal counsel in respect of the prosecution of the Cause of Action and any Action.

5. Further Assurances.

Each of the parties shall promptly execute and deliver, at the request of the other, all such further documents and instrument, and shall promptly do all such acts and things that are necessary to give full effect to the intent and meaning of this Agreement. In particular the Assignor shall, promptly at the respect of the Assignee, provide notice to any Person, in such form as is reasonably required by the Assignee, of the assignment of the Cause of Action and the Action to the Assignee.

6. Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.

7. Court Approval

The rights and obligations of each of the Assignor and the Assignee are conditional upon the approval of this Agreement by the Court of Queen's Bench of Alberta pursuant to an order approved by each of the Assignor and the Assignee, acting reasonably.

IN WITNESS WHEREOF the parties have executed this Agreement.

1252064 ALBERTA LTD., by Ernst & Young Inc., in its capacity as court-appointed receiver and manager of 1252064 Alberta Ltd. and not in its personal or corporate capacity

Per: ______________________________
Neil Narfason, C.A., C.I.R.P., C.B.V.

PANAMA HOLDINGS (1252064) LTD.

Per: ______________________________
Neil Narfason, C.A., C.I.R.P., C.B.V.